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SOURCE Ching-chi Tao-pao 1954 (Economic Yearbook 1954), published by Ching-chi Tao-pao-she, Hong Kong, 1954

RECONSTRUCTION IN NORTH KOREA

[Comment: The following is a summary of the article entitled "The North Korean Economy in Reconstruction" by Hsiao Hsieh, from the Ching-chi Tao-pao 1954 (Economic Yearbook 1954), published in Hong Kong, March 1954.]

Agriculture and Fishery Production

Sixty-five percent of the total population of Korea is engaged in agriculture.

In 1946 the northern half of the Democratic People's Republic of Korea carried out a land reform program for the benefit of some 720,000 landless and small-farm households. Some 963,657 chongbo [one chongbo equals 2.45 acres, or 14.7 shih-mou] of land was redistributed under this reform program which noticeably increased food production, as shown below (1946 equals 100):

Year	Food Production (%)
1947	109.0
1948	140.6
1949	143.1
1950 (planned)	158.0

Although 1949 was a drought year, food production was 624,000 tons above the 1944 level.

STATE		NAVY		NSRB		DISTRIBUTION							
ARMY		AIR		FBI									

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Even during the Korean war, the Korean people kept on with their productive effort. In 1952 they produced 13 percent more grain than in 1951, or 130,000 tons more than the record production attained in 1948. A rise in the per-chongbo productivity of land due to improved agricultural methods accounts for this phenomenal increase in grain production. In 1952 North Korean farm land yielded as much as 39,600 shih-chin [one shih-chin equals 1.1023 pounds] of rice, and 18,000 shih-chin of millet, per chongbo.

At present, the North Korean fishery industry is engaged primarily with repairing the old and building new fishing boats and other fishing equipment. By 7 September 1953, 562 vessels had been repaired or newly constructed. The Korean Fishery Bureau plans to add 48 steel vessels and 800 wooden vessels during 1954. Production of the North Korean fishery industry was 55,565 tons during the latter half of 1953. It is expected to reach 119,000 tons in 1954.

The fish net manufacturing plants throughout North Korea have resumed production of nets and other equipment. River and pond fish breeding is also expanding.

Industrial Production

The fulfillment of the 1947-1948 Two-Year People's Economic Plan and the planned production under the 1949-1950 plan, in state-operated industries, show the following percentage increases since 1946 (1946 equals 100):

<u>Year</u>	<u>Industrial Production</u>
1947	189.3
1948	263.3
1949 (planned)	377.7
1950 (planned)	511.0

In the state-operated "local" industries [i.e., light industries] the percentage increase in production for 1948-1950 was as follows (1947 equals 100):

<u>Year</u>	<u>"Local" Industry Production</u>
1948	425.4
1949 (planned)	1,051.0
1950 (planned)	162.8 [sic]

The production of the following industrial materials has increased [year not given] since 1948 as shown in the following table (1948 equals 100):

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<u>Material</u>	<u>Production (%)</u>	<u>Material</u>	<u>Production(%)</u>
Iron	489	Manufactured products	275
Pig iron	322	Chemical fertilizers	113
Cast iron	389	Caustic Soda	299
Steel plates	278	Electromagnets	110
Cast steel	595	Sulfur	103
Copper	164	Cement	174
Copper ingots	217	Refractory bricks	254
Lead	184	Paper	215
Zinc	361	Textile products	204

North Korean mining and manufacturing production in 1952 exceeded that of 1951 by 19 percent. The 1953 production is expected to surpass that of 1952 by 23 percent.

At present, the North Korean manufacturing industry is engaged in reconstruction work. The restoration work on the Kimch'aek Steelworks, on which some 600 US bombs were dropped during the war, has been going on since August 1953. In September 1953, over 50,000 workers participated in the reconstruction of this mill. The repair work completed, the refractory materials plant has been producing firebrick and other products since October. Repairs on 32 electric generators and 6 transformers was also completed recently.

The Hungnam Fertilizer Factory, which before the war produced 410,000 tons of fertilizers annually and over 140 kinds of chemical products, suffered heavy damage during the war. However, through the efforts of the reconstruction workers this factory has recovered to a point where some parts of it are already engaged in production. A 4,500-horsepower transformer has been in operation since November, while the silica manufacturing plant has been in production since December 1953. The Koreans plan to make the Hungnam Fertilizer Factory the largest of its kind in Asia.

A huge metallurgical plant 30 li [one li equals about 1,890 feet] from P'yongyang began to produce steel on 20 September, only 2 months after the Korean truce. Two of the [five] electric furnaces at this plant are in operation, with the remainder still under repair.

All factories under the Ministry of Heavy Industry have been completely repaired and have been in production since December 1953. Coal production already has reached twice the prewar level.

Besides repairing the damaged factories, the North Korean government plans to develop new industries which have never existed in Korea. The government plans to construct factories to manufacture machine tools, electric motors, electric clocks, communications equipment, railroad equipment and parts, water pumps and pipes, and transformers.

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Reconstruction work also is progressing in the factories under the Ministry of Chemical and Construction Materials, notably cement, brick, and slate factories. Since August 1953, 7 brick kilns have been repaired and 13 new ones built. Annual production is expected to reach 100 million bricks. One cement factory has been in production since 27 August 1953. The Namp'o Glass Factory also has been in operation for some time.

Transportation

The US destruction of Korean transportation facilities during the Korean war was tremendous. For example, 50 percent of the total railway trackage, some 3,900 [railway] bridges, and some 390 tunnels were damaged by US bombings.

Railroad restoration work was begun only 12 hours after the armistice. Five days after the armistice, passenger trains between P'yongyang and Kaesong resumed the normal run. Ten days after the armistice, the following trunk lines were opened for passenger traffic: Sinuiju-P'yongyang-Kaesong, P'yongyang-Manp'o, P'yongyang-Wonsan, and P'yongyang-Najin.

Throughout the Korean war, traffic over the Yalu River, was closed to passengers but was resumed on 5 September 1953, when daily passenger service began again between Sinuiju, Yongamp'o, Sindo, and Tasado, and alternate-day service between Sinuiju and Ch'ongsongjin.

Prices of Consumer Goods

Commodity sales of state-operated stores increased during 1946-1949 as follows:

<u>Year</u>	<u>Sales (in yuan)</u>
1946	18,532,000
1947	1,858,175,000
1948	3,772,592,000
1949	7,225,200,000

Commodity prices declined steadily even during the Korean war. The official prices of daily necessities were reduced three times during the period from 1952 through July 1953. A 30 percent general reduction occurred in December 1952. Again in March 1953, prices were cut on some 50 daily necessities. Another reduction took place on 22 July 1953. Among those items whose prices declined the most [during the 1952-1953 period] were cotton cloth (17-23 percent), rubber shoes (36-54 percent), sport shoes (54 percent), and wine (23 percent).

The decline since the end of the Korean war in market prices of consumer goods in P'yongyang has reflected the general price trend throughout North Korea.

As of 1 October 1953, the price of rice in P'yongyang was 23 percent below the price level of 1 September 1953. The price of small beans declined 20 percent during the same period, kaoliang 34 percent, and soy beans 10 percent. The average decline in market prices of six most important grains during this one-month period was 21 percent. With the P'yongyang retail price index as of 1 May 1952 taken as 100, the price index was 17 on 1 August 1953, 16 on 1 September 1953, and 13 on 1 October 1953.

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The prices of other commodities in P'yongyang also declined during the latter half of 1953. As early as 1 August 1953, prices declined on 12 daily necessities, notably cotton cloth (19 percent), domestic wine (23 percent), black work shoes (40 percent), white underwear (33 percent), and sugar (22 percent).

The People's Republic of China will give North Korea 3 trillion yuan worth of material aid during 1954 and 5 trillion yuan worth of materials and technical assistance during the subsequent 3-year period, all free. Many other democratic countries will also give North Korea nonobligatory aid during the period 1954-1957.

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